

Donald Wardle and Son Limited

Directors' report and financial
statements

Registered number 2914910

52 weeks ended 22 January 2005



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Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 22 January 2005.

Principal activities

The principal activity of the company is the wholesale distribution and retail of medical and surgical supplies.

Business review

The results for the period are shown in the profit and loss account of page 4.

Proposed dividend

The directors do not recommend the payment of a dividend (2004: £nil).

Directors and directors' interests

The directors who held office during the period were as follows:

D Bond
P R Jones

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P R Jones
Director

Sandbrook Park
Sandbrook Way
Rochdale
OL11 1RY

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Donald Wardle and Son Limited

We have audited the financial statements on pages 4 to 12.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 22 January 2005 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Company's Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditors

18.11.05

Profit and loss account
for the period ended 22 January 2005

	Note	52 weeks ended 22 January 2005	43 weeks ended 24 January 2004
		£	£
Turnover	1	22,492,272	18,020,639
Cost of sales		<u>(16,060,267)</u>	<u>(12,850,705)</u>
Gross profit		6,432,005	5,169,934
Distribution costs		(2,149,442)	(1,294,041)
Administrative expenses		<u>(3,314,880)</u>	<u>(3,444,408)</u>
Operating profit	2-4	967,683	431,485
Tax on profit on ordinary activities	5	<u>(293,000)</u>	<u>(251,000)</u>
Retained profit for the financial period		<u>674,683</u>	<u>180,485</u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the current and prior period as reported above.

The notes on pages 6 – 12 form part of these financial statements.

Balance sheet
at 22 January 2005

	Note	22 January 2005	24 January 2004
		£	£
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	301,493	553,410
Current assets			
Stocks	8	1,187,448	1,232,172
Debtors	9	3,661,217	3,401,840
Cash at bank and in hand		<u>1,248,808</u>	<u>452,933</u>
		6,097,473	5,086,945
Creditors: amounts falling due within one year	10	<u>(4,047,711)</u>	<u>(3,963,783)</u>
Net current assets		<u>2,049,762</u>	<u>1,123,162</u>
Net assets		<u>2,351,255</u>	<u>1,676,572</u>
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss account	12	<u>2,301,255</u>	<u>1,626,572</u>
Equity shareholders' funds	13	<u>2,351,255</u>	<u>1,676,572</u>

These financial statements were approved by the board of directors on
and were signed on its behalf by:

16/11/05



P R Jones
Director

The notes on pages 6 – 12 form part of these financial statements.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of United Co-operatives Limited, and its cash flows are incorporated in the cashflow statement of that society.

Related party transactions

As the company is a wholly owned subsidiary of United Co-operatives Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of United Co-operatives Limited, within which this company is included can be obtained from the address given in note 16.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% on cost
Fixtures, fittings and office equipment	-	15% - 20% on cost
Computer equipment	-	25% - 40% on cost
Motor vehicles	-	25% - 40% on cost

No depreciation is provided on freehold land.

Goodwill

Goodwill relating to a business purchased by the company is amortised over a period of five years. In the opinion of the directors, this represents a prudent estimate of the period over with the company will derive direct economic benefit from the goodwill acquired as part of that business.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

The company participates in the United Co-operatives Limited pension scheme which provides benefits based on final pensionable pay. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a contribution scheme.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

2 Profit on ordinary activities before taxation

	52 weeks ended 22 January 2005 £	43 weeks ended 24 January 2004 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration – audit	6,814	5,000
Depreciation and other amounts written off tangible fixed assets:		
- owned	254,195	207,669
Loss on sale of tangible fixed assets	1,710	1,262
Recharge from Ultimate Parent Society	-	220,000

3 Remuneration of directors

	52 weeks ended 22 January 2005 £	43 weeks ended 24 January 2004 £
Directors' emoluments	24,031	18,424
Pension contributions	3,175	770
	27,206	19,194

One of the directors has received no remuneration from the company during the period but was remunerated by the company's ultimate parent society.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2005	2004
Management and administrative	35	38
Warehouse	37	35
Sales	22	19
	94	92

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	1,432,408	1,213,806
Social security costs	100,178	89,435
Other pension costs	57,555	4,505
	<u>1,590,141</u>	<u>1,307,746</u>

5 Tax on profit on ordinary activities

	52 weeks ended 22 January 2005 £	43 weeks ended 24 January 2004 £
<i>Current tax</i>		
Current tax on income for the period	265,000	177,000
Current tax re other prior years	-	119,000
Current tax charge	<u>265,000</u>	<u>296,000</u>
Deferred tax -current year items	(39,000)	(45,000)
Deferred tax - prior year items	67,000	-
Tax on profit on ordinary activities	<u>293,000</u>	<u>251,000</u>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>967,683</u>	<u>431,485</u>
Current tax at 30% (2004: 30%)	290,305	129,445
<i>Effects of:</i>		
Depreciation in excess of capital allowances	35,695	20,555
Other timing differences	(64,000)	
Permanent timing differences	3,000	27,000
Prior year items	-	119,000
Total current tax charge (see above)	<u>265,000</u>	<u>296,000</u>

Notes (continued)

6 Intangible fixed assets

	Goodwill £	Licence £	Total £
Cost			
At beginning and end of period	416,189	35,000	451,189
Amortisation			
At beginning and end of period	416,189	35,000	451,189
Net book value			
At 22 January 2005	-	-	-
At 24 January 2004	-	-	-

7 Tangible fixed assets

	Long leasehold land and buildings £	Property Improve- ments	Fixtures and fittings £	Computer and office equipment £	Motor vehicles £	Total £
Cost						
At beginning of period	50,000	294,002	112,020	195,243	105,032	756,297
Additions	-	-	5,461	-	-	5,461
Disposals	-	-	-	-	(3,450)	(3,450)
Transfers	-	(294,002)	177,579	116,423	-	-
Written Off	-	-	(2,212)	(35,822)	(247)	(38,281)
At end of period	50,000	-	292,848	275,844	101,335	720,027
Depreciation						
At beginning of period	4,348	57,080	12,603	76,349	52,507	202,887
Charge for period	988	-	87,619	121,782	43,806	254,195
Disposals	-	-	-	-	(2,712)	(2,712)
Transfers	-	(57,080)	42,768	14,312	-	-
Written Off	-	-	(965)	(34,650)	(221)	(35,836)
At end of period	5,336	-	142,025	177,793	93,380	418,534
Net book value						
At 22 January 2005	44,664	-	150,823	98,051	7,955	301,493
At 24 January 2004	45,652	236,922	99,417	118,894	52,525	553,410

Notes (continued)

8 Stocks

	22 January 2005 £	24 January 2004 £
Finished goods and goods for resale	1,187,448	1,232,172

9 Debtors

	22 January 2005 £	24 January 2005 £
Trade debtors	3,634,677	3,351,685
Deferred tax	17,000	45,000
Prepayments and accrued income	9,540	5,155
	3,661,217	3,401,840

The deferred tax asset is as a result of accelerated capital allowances and short term timing differences.

10 Creditors: amounts falling due within one year

	22 January 2005 £	24 January 2004 £
Trade creditors	3,089,695	3,288,256
Amounts owed to group undertakings	830,005	515,742
Accruals and deferred income	128,011	159,785
	4,047,711	3,963,783

11 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50,000	50,000
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50,000	50,000

Notes (continued)

12 Reserves

	Profit & Loss Account £
At start of year	1,626,572
Profit for financial period	674,683
At end of period	<u>2,301,255</u>

13 Reconciliation of movements in shareholders' funds

	52 weeks ended 22 January 2005 £	43 weeks ended 24 January 2004 £
Profit for the financial period	674,683	180,485
Opening shareholders' funds	<u>1,676,572</u>	<u>1,496,087</u>
Closing shareholders' funds	<u>2,351,255</u>	<u>1,676,572</u>

14 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	22 January 2005 Land & buildings £	24 January 2004 Land & Buildings £
Operating leases which expire:		
Within one year	58,000	-
In the second to fifth years inclusive	-	100,000
Over five years	<u>42,000</u>	<u>-</u>
	<u>100,000</u>	<u>100,000</u>

15 Cross Guarantees

The company has entered into cross guarantees to the Group's bankers, together with the parent society and certain fellow group undertakings for loans and overdraft facilities made available to the group.

16 Ultimate parent company and parent undertaking

The company is a subsidiary undertaking of Independent Medical Holdings Limited a company registered in England & Wales. The company's ultimate parent society is United Co-operatives Limited, an Industrial and Provident Society incorporated in England and Wales. The consolidated accounts of this Society are available to the public and may be obtained from Sandbrook Park, Sandbrook Way, Rochdale, OL11 1RY.